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PP RUEHIK
DE RUEHAH #0180/01 0391221
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FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 4205
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6227
RUEHBJ/AMEMBASSY BEIJING 3905
RUEHKO/AMEMBASSY TOKYO 3764
RUEHIT/AMCONSUL ISTANBUL 4471
RUCNDT/USMISSION USUN NEW YORK 1471
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4380
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000180

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR DSTARKS/EHOUSE

E.O. 12958: N/A

TAGS: [ECON](#) [EFIN](#) [PGOV](#) [EINV](#) [TX](#)

SUBJECT: TURKMENISTAN: STILL A CASH ECONOMY, DESPITE SOME
PROGRESS

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11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: The Turkmen economy remains a cash economy with an underdeveloped banking system. Almost all payments for consumer goods and services are made in cash. Turkmen Government-owned banks have issued debit cards since the late 1990s, and ATMs have been installed in many banks. Still, debit cards have not gained popularity among Turkmen consumers. Currently, there are few stores where people can pay using local debit cards. No ATM machines accept foreign debit or credit cards. Some foreign credit cards can be used as payment at a handful of hotels in Ashgabat. There are signs of improvement in the country's archaic banking sector, including an increasing number of ATMs. More commercial establishments accept some local debit cards, along with some foreign debit and credit cards. END SUMMARY.

LOCAL DEBIT CARDS

13. (SBU) Turkmen debit cards first appeared in Turkmenistan in the late 1990s, when banks and other government financial sector agencies started direct deposit of employees' salaries to their bank accounts. Employees could withdraw cash from their accounts at ATMs. That was the Government's first step aimed at introducing an electronic payments system, which was in effect piloted by employees of banks and financial agencies. For undisclosed reasons, the Government did not take further steps to create the necessary infrastructure for electronic transactions. As a result, for most consumers debit cards were used exclusively to withdraw cash from bank accounts. It was not possible to purchase any goods or services with them.

14. (SBU) Opportunities to use debit cards are slowly increasing. A Turkish-owned supermarket was the first

retailer to start accepting debit cards issued by the state-owned Turkmenbank for purchases. Some other retail stores belonging to local entrepreneurs recently started to accept debit cards issued by the local banks Turkmenbank and Senagat Bank. Local banks also increased the number of ATMs in Ashgabat, bringing their number to approximately 15. To spur interest, local banks recently started advertising their debit cards on local TV channels. However, these measures have not created any apparent increase in demand for local debit cards.

FOREIGN DEBIT AND CREDIT CARDS

15. (SBU) The ability to use foreign debit and credit cards is even more limited than the use of local cards. It is not possible to use foreign debit and credit cards in local ATMs. Turkmenistan's State Bank for Foreign Economic Affairs (SBFEA) tellers can process Visa cards (except for Visa Electron), but locals describe the procedure as timely and complicated. State-owned Senagat Bank currently accepts MasterCard debit and credit cards, and has followed the SBFEA's lead by processing all card transactions via teller only. Currently, local banks do not accept any other foreign credit cards.

16. (SBU) Five hotels in Turkmenistan accept Visa and American Express credit cards and one hotel accepts only Visa credit cards. No other bank or commercial establishment in Turkmenistan accepts foreign cards. The limited ability of customers to use foreign debit and credit cards might change soon, however. According to a local supermarket director, her supermarket will start accepting Visa cards in about three months. The supermarket management is expecting Senagat Bank to launch a new service that will allow its corporate clients to process payments through Visa debit and credit cards. The

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supermarket director also mentioned that Senagat Bank has "ambitious" plans regarding Visa credit cards, which might include the ability to use Visa credit and debit cards at Senagat Bank ATMs.

17. (SBU) COMMENT: To date, few places in Turkmenistan accept debit and credit cards, nor has the government pushed for greater card use. At the same time, the Central Bank continues to claim that it is taking economic and banking reforms seriously. Some experts believe the use of debit and credit cards in the country will increase over time. If the government is serious about attracting more foreigners to the country, moving away from cash transactions seems a logical step. END COMMENT.

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